

**NA Group Information on the results
of the business year 2000/01
(October 2000 to September 2001)**

**Good profit for the business year 2000/01 –
Successful further development of Vision NA 2000
Plus due to the acquisition of Prymetall**

Hamburg, 13 December 2001 – Norddeutsche Affinerie (NA) closed the business year 2000/01 with a good pre-tax profit of 57 million € and thus was able to hold up well in a weakening economic environment. The result is less than that of the excellent previous year and takes into account the 6 week expansion standstill for Project RWO 2000 at the beginning of the business year. The turnover could be increased by 6 % from 1,897 million € to 2,010 billion €

An unchanged dividend of 0.75 € will be recommended at the Annual General Meeting on 4 April 2002. Shareholders resident in Germany will receive a tax credit of 0.32 € for this dividend payment.

Despite the RWO standstill, the throughput of copper concentrates at 842,000 tonnes in the business year 2000/01 was approx. 110,000 tonnes more than that for the previous year.

As to NA's most important copper products: once again a high output for continuous cast shapes could be achieved amounting to 204,000 tonnes (previous year: 197,000 tonnes). For continuous cast wire rod there was a decline in production to 347,000 tonnes (previous year: 382,000 tonnes) due to the economic developments.

On 18 November 2001 NA was successfully able to implement a further step in its growth strategy Vision NA 2000 Plus. With effect from 1 January 2002 the copper processor Prymetall GmbH & Co. KG, Stolberg (Prymetall) will be integrated in the NA Group. This also includes the 50 % share in Schwermetall GmbH & Co. KG, Stolberg (Schwermetall). The acquisition of Prymetall represents a step towards strategic forward integration in the high-value product sectors of strips, sheets, shaped wires and profiles.

Consolidated key figures		Business year 1999/2000 12 months	Business year 2000/01 (preliminary and unaudited) 12 months
Turnover	mill. €	1,897	2,010
Gross profit	mill. €	342	362
Personnel expenses	mill. €	150	168
Depreciation	mill. €	33	47
Earnings before taxes (EBT)	mill. €	69	57
Earnings before taxes (EBT)*	mill. €	65	54
EBDIT	mill. €	107	111
EBIT	mill. €	74	65
DVFA/SG cash flow **	mill. €	78	86
Earnings per share*	€	1.20	1.26
Capital expenditure	mill. €	79	69
Copper output	1,000 t	702	685
Copper price (average)	US\$/t	1,787	1,684
Number of employees (average)		3,154	3,195

* without minority interests

** as per the German Society of Investment Analysis
and Asset Managers/Schmalenbach Gesellschaft

Group turnover and profit

The consolidated turnover of the NA Group at 2,010 million € could just exceed for the first time the 2 billion € mark, an increase of 6 % compared with the 1,897 million € achieved for the previous year. This increase largely resulted from enhanced business in cathodes and continuous cast shapes just as a rise in the turnover of precious metals.

The NA Group achieved a pre-tax profit including minority interests of 57 million € (previous year: 69 million €) and 54 million € excluding minority interests (previous year: 65 million €). NA-AG had a very stable economic impact on this result with a pre-tax profit of 50 million €. The loss of treatment and refining charges (TC/RCs) during the standstill to complete RWO 2000 could be compensated. Revenues from sales of the by-product sulphuric acid were strained due to a weakening in the European market. Necessary sales overseas had to swallow high freight costs.

In a difficult recycling market Hüttenwerke Kayser AG (HK) made a good contribution to the Group profit. Other subsidiaries, such as MicroMet GmbH Pulvertechnologie and Spiess-Urania Chemicals GmbH, had significantly reduced earnings due to the economic environment.

Capital expenditure in the NA Group amounted to 69 million € (previous year: 79 million €). The largest part was directed into the completion of the Project RWO 2000 and into the Kayser-Recycling-System (KRS) in Lünen, which will be completed in February 2002.

The earnings before depreciation, interest and taxes (EBDIT) could be increased by 4 million € to 111 million € (previous year: 107 million €). The EBIT (earnings before interest and taxes) at 65 million € were lower than in the previous year (74 million €) due to the high capital expenditure volume in the last two business years and the resultant depreciation.

Compared with the previous year the DVFA/SG cash flow increased from 78 million € to 86 million €. This again underlines NA's financial stability.

The earnings per share improved due to increased net earnings from 1.20 € to 1.26 €. This was impacted by a reduced taxation rate which largely resulted from the use of the taxed provisions for major repairs at NA-AG.

Copper market

The copper market has been significantly influenced by the global economic weakening, above all, in the USA. In the first half of the business year 2000/01 global demand for copper and copper products was still practically at the same high level as in the previous year. Hand in hand with the deteriorating economic trend from spring onwards, demand in our sales markets also declined. At 14.8 million tonnes in the current calendar year, global copper demand is expected to be about 400,000 tonnes less than the high level of the previous year. Our core market Europe will continue to represent about 30 % of the global market with a copper demand of 4.3 million tonnes. Some market research institutes are assuming an increase in global copper demand to 15.4 million tonnes for the coming year 2002. It is expected that there will be a clear improvement in copper quotations in the second half of 2002.

Due to the drop in demand, copper stocks at the international warehouses of the metal exchanges doubled in the course of the business year to almost 910,000 t. This corresponds to a supply lasting about 3 weeks. The increase in stocks was accompanied by a drop in the copper quotation. The quotation fell almost constantly from about 2,000 US\$/t at the beginning of the business year to 1,425 US\$/t at the end of the business year. Since November the copper price could recover again owing to production cutbacks at the major international mines and currently is just under 1,500 US\$/t.

Raw material markets

Despite the low copper price the TC/RCs in the last business year stayed relatively stable in the concentrate market for long-term agreements, which is significant for NA. In the spot market, from which NA only covers a small part of its supply, the TC/RCs significantly dropped in the last few months of the business year due to the copper price.

The trend on the market for copper scrap was unfavourable in the year under review. The European supply of copper scrap has been severely limited due to export restrictions from Russia and the Ukraine. The supply of copper scrap from Western Europe also sank with the falling copper price.

As a result of this scarcity of supply and the trend in the copper price the refining charges on the recycling market generally declined to a low level.

NA has greatly reduced its input of copper scrap compared with the previous year owing to the expansion of its concentrate processing facilities with Project RWO 2000 and has thus become more independent of the volatile scrap market.

Metal production

In the business year 842,000 tonnes of copper concentrates could be processed. This is an increase of 16 % compared with the previous year despite the standstill lasting several weeks to complete the expansion work for Project RWO 2000. It was therefore possible to achieve the new smelting capacity performance in the first year. In addition, the actual capital expenditure was 5 million € less than budgeted for the project.

In the period under review our copper tankhouses in Hamburg and Lünen produced a total of 540,000 tonnes of copper cathodes. In the Hamburg tankhouse the programme to exchange the permanent stainless steel cathodes without interrupting production has almost been completed. As a result the cathode output in Hamburg at 360,400 tonnes was slightly less than in the previous year (367.500 tonnes).

With a cathode output of 180,000 tonnes the copper tankhouse at HK ran to capacity.

On 28 October 2001 a fire broke out in the secondary smelter in NA's North Works in Hamburg. The damage to the electric furnace, which is a secondary production line at NA, did not impact copper production from copper concentrates or the connected processing steps. With the exception of the usual non-insured risk, the damage was fully covered by the insurance. Production in the electric furnace was resumed on 23 November.

Copper products: continuous cast wire rod and shapes

When the poor economic situation in customers' industries is taken into consideration, the production and sales of the most important copper products were overall satisfactory. The slowdown in demand for continuous cast wire rod was partly compensated by strong figures for production and sales of continuous cast shapes.

In total, at 551,000 tonnes, the production of continuous cast wire rod and shapes in the Group was less than in the previous year (previous year: 579,000 tonnes). Our output of wire rod in Hamburg and at Deutsche Giessdraht GmbH (DG) in Emmerich totalled 347,000 tonnes (previous year: 382,000 tonnes). The output of shapes at 204,000 tonnes was almost 4 % more than that of the previous year (197,000 tonnes).

Other products

The trend in our metal powders, copper salts and agrochemicals product sectors was altogether very unsatisfactory due to the economic downturn. Restructuring and improvement measures which had been implemented in good time were still unable to prevent a negative impact on the Group result. However, these measures are meanwhile having a positive effect.

Human resources

The number of employees in the Group – including apprentices – has increased on a yearly average by 41 to 3,195. This rise is, in particular, the result of an increase at NA-AG. As at 30 September 2001 the number of employees in the Group had reduced slightly in comparison with the previous year from 3,223 to 3,207 employees – including apprentices.

NA attaches great importance to well qualified employees and is exemplary in this respect. In Hamburg, 6.4 % of the total workforce at NA are apprentices/trainees, an outstanding percentage when compared with other companies in the industry. Thus, on 1 September 2001 again 40 young people started their training in 15 trades and professions.

The performance-oriented remuneration was introduced in the business year 2000/01 and in many sectors has led to particular effort being made due to additional performance and motivation incentives. Consequently, it will again be possible to pay special bonuses for the last business year.

Strategic Vision NA 2000 Plus

As the largest European copper producer and no. 5 worldwide, NA has a very strong position in the copper industry. Since the successful IPO in 1998, great importance has been attached to the development of the company value and thus the share price.

In the past 3 years major steps have been taken to sustain a significant increase in company value. These include, above all, the acquisition of Hüttenwerke Kayser and the expansion of the East Smelter (Project RWO 2000). In parallel, measures were implemented to achieve further restructuring and to increase efficiency. An example is the very successful energy saving programme, eNergiA.

In Vision NA 2000 Plus, NA has developed an ambitious growth strategy for the coming years, which shows the way to further profitable growth. The main elements are steps for internal and external growth in the core business copper, which concentrate on two horizons:

- Strengthening the existing business by enhancing the technological leadership in the metal production sector with the focal points: concentrate processing (NA, Hamburg) and recycling (HK, Lünen)
- Utilisation of growth options in the copper market by forward integration in the product sectors: copper wire rod and shapes

The strengthening of the existing business (Horizon 1) concerns primarily the installation of the new smelter for recycling materials at HK (KRS = Kayser-Recycling-System), with which NA will further enhance its position in the secondary copper business. The new plant will be commissioned, as scheduled, in February 2002.

In Horizon 2, the acquisition of Prymetall represents the first important step towards forward integration as regards copper shapes. As a result of the acquisition of Prymetall, NA, together with Wieland-Werke AG, Ulm, has become the owner of Schwermetall, the leading producer of pre-rolled strip worldwide. Thus, NA is considerably expanding its sector of high-value copper products and is moving nearer the end-user.

In its main segment of copper rolled products, Prymetall is the fourth largest producer in Europe with a market share of 6 %. In total, there are about 750 employees at Prymetall and Schwermetall. In the year 2000 Prymetall achieved a total turnover of about 290 million €.

When the antitrust authorities have given their approval to the acquisition, it is planned to integrate Prymetall in the NA Group with effect from 1 January 2002. From day one onwards, this will be accompanied by an already elaborated operative and strategic optimisation programme (post merger management). In so doing, it will be ensured that the potential already recognised today or still to be identified can be utilised without delay.

Outlook

The current situation in the global economy makes it difficult to make any reliable forecast for future developments and therefore for the business year 2001/02. In general, it is assumed that the global economy will pick up, and thus also the copper industry, in the second half of 2002.

In the metal production sector the situation is as follows: The supply of concentrates, which is of utmost importance for NA, has already been largely assured for the new business year 2001/02. This means that the new copper processing capacity can be fully utilised for the first time in this business year. Due to our successful hedging strategy for the US\$, all the currency risks for our US\$-based TC/RCs have to a great extent been covered for the entire business year. The supply of copper recycling materials is strongly dependent on the copper price development and in all likelihood will hardly improve before the second half of 2002. The commissioning of the new smelter at HK, which will reduce the dependency on the copper scrap market, should already have a positive impact in the current business year.

The copper product sector is dependent on the situation and the future developments in NA's customers' industries, such as the automobile industry as well as the electrical engineering and electronics industries, and at present a future trend cannot be clearly foreseen.

We have already registered a somewhat weaker demand for wire rod, which should still have an impact in the first quarter. As soon as the economic environment improves again in Europe, the core market, in summer 2002, we are expecting demand to increase, in particular, from our customers in the cable and wire industries.

In the copper shape sector we are expecting a stable trend in the current business.

For the markets served by Prymetall, an improvement in the economy will also have a positive impact.

NA's successful route to increase the company value will still be determinedly continued in the new business year. Apart from pursuing our strategic targets we are focusing on operative improvements, e.g. by the introduction of a value-based management system.

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Forward-looking Statements

This information contains forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could have the impact that the actual future results, financial situation or developments differ from the estimates given here. We assume no liability to update forward-looking statements.